

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission, ) Application No. NG-0013  
on its own motion, to evaluate )  
and establish, on a quarterly )  
basis, an assessment for )  
jurisdictional utilities ) PROGRESSION ORDER NO. 15  
pursuant to the State Natural )  
Gas Regulation Act, Neb. Rev. )  
Stat. § 66-1801 et seq. ) Entered: April 10, 2007

BY THE COMMISSION:

The State Natural Gas Regulation Act (Act) requires that the Commission assess its expenditures for each quarter-year against all jurisdictional utilities, subject to certain adjustments. See Neb. Rev. Stat. section 66-1841. The Act provides that the Commission shall determine its expenditures for the given quarter within 30 days after such quarter. This order addresses the assessment for expenses during the third quarter of fiscal year 2006-2007, January through March 2007.

Actual third-quarter expenditures totaled \$194,608.11. Projected expenses for the fourth quarter of the 2006-2007 state fiscal year total \$161,233.19. The total balance in the State Natural Gas Regulation Cash Fund as of March 31, 2007, was \$68,714.76.

Reflected in actual and projected expenses are costs that are attributable to applications filed by Kinder Morgan, Inc., but are in excess of the cap on direct assessments that applies to the company under Neb. Rev. Stat. § 66-1840:

The total amount, in any one fiscal year, for which any utility shall be assessed under this section shall not exceed...one percent of the utility's gross operating jurisdictional revenue less gas cost derived from intrastate natural gas utility business as reflected in the last annual report filed with the commission pursuant to the act prior to the beginning of the commission's fiscal year.

Section 66-1841 permits inclusion of these costs in the quarterly assessment. Additionally, Section 66-1840(2) permits the Commission to assess these costs in the following fiscal year: "The commission may render bills in one fiscal year for costs incurred within a previous fiscal year." Therefore, after July 1, 2007, the Commission will assess Kinder Morgan for costs in excess of the cap. Costs in the amount of \$22,257.48 in excess of the cap have already been assessed to Kinder Morgan, and additional costs are expected.

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O P I N I O N   A N D   F I N D I N G S

Based upon the foregoing, the Commission finds that an assessment of \$105,000.00 is necessary to pay all expenses, to provide a sufficient reserve and to maintain a cash flow until the next assessment evaluation and collection.

Appendix A shows the allocation of the assessed amount to the Jurisdictional Utilities, as required by Section 66-1841(4) of the Act. The allocated amounts are based upon number of meters served, as reported by the Jurisdictional Utilities on or about April 30, 2006, pursuant to Rule 006, of the Commission Natural Gas and Pipeline Rules and Regulations (Neb. Admin. Code Title 291, Chapter 9).

Because costs in the amount of \$22,257.48 in excess of the cap have already been assessed to Kinder Morgan, a refund or credit must be issued. The Commission finds that reduction of Kinder Morgan's quarterly assessment by this amount will be most efficient.

The assessed amounts are as follows: for Aquila, \$61,516.59; for Kinder Morgan, \$8,064.06 (quarterly assessment of \$30,321.54, reduced by credit of \$22,257.48 previously assessed as described above); and for NorthWestern, \$13,161.87.

The Act permits a jurisdictional utility to recover the amount of any assessments or charges paid to the Commission pursuant to Section 66-1840 or 66-1841 as a special surcharge billed to ratepayers. The surcharge must be shown on customer billing statements as required by Section 66-1841(7)(a).

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Jurisdictional Utilities pay the amounts set forth above within 15 days from the date that notice of assessment is mailed, as required by Neb. Rev. Stat. § 66-1841(4).

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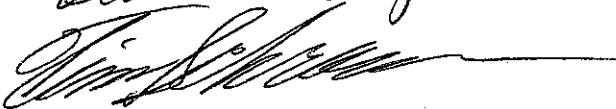
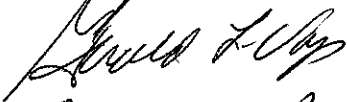
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IT IS FURTHER ORDERED that a credit in the amount of \$22,257.48 be reflected in the assessment to Kinder Morgan, Inc., as described in this order.

MADE AND ENTERED at Lincoln, Nebraska, this 10th day of April, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:



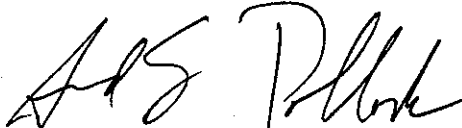
//s//Frank E. Landis

//s//Rod Johnson

Chairman



ATTEST:



Executive Director

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Appendix A

	<u>12/31/05</u> <u>Meters</u>	<u>Percent</u> <u>Of Total</u>	<u>Allocated</u> <u>Assessment</u>
Aquila	190,006	58.59%	\$ 61,516.59
Kinder Morgan	93,654	28.88%	\$ 30,321.54*
Northwestern	<u>40,653</u>	<u>12.53%</u>	<u>\$ 13,161.87</u>
Total	324,313	100.00%	\$105,000.00

\* As described above, Kinder Morgan's allocated assessment is reduced by a credit of \$22,257.48, for a total of \$8,064.06 assessed pursuant to this Order.